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Sent to Council: NOV 04 2008

by City Manager's Office



## Memorandum

**TO: HONORABLE MAYOR  
AND CITY COUNCIL**

**FROM: Vilcia Rodriguez**

**SUBJECT: Early Council Packet**

**DATE: November 4, 2008**

Approved

Date

11/4/08

### **EARLY DISTRIBUTION COUNCIL PACKET FOR NOVEMBER 18, 2008**

Please find attached the Early Distribution Council Packet for the November 18, 2008 Council Meeting.

**2.x Approve cooperative purchase of office supplies.**

**Recommendation:** Authorize the Director of Finance to execute:

- (a) An annual purchase order for the cooperative purchase of Office Supplies with OfficeMax (Warren, MI) through the cooperative contract offered by Public Sourcing Solutions in an amount not to exceed \$1,050,000.
- (b) Amend the initial Purchase Order to adjust the not-to-exceed compensation subject to annual appropriation of funding.
- (c) Execute subsequent annual Purchase Orders through the term of the contract ending May 31, 2011 subject to annual appropriation of funding.

CEQA: Not a Project. (Finance)

**4.x Approve actions related to Housing and Economic Recovery Act of 2008.**

**Recommendation:**

- (a) Adopt a resolution authorizing:
  - (1) The Director of Housing to accept federal Neighborhood Stabilization Program funds in the amount of \$5,628,283;
  - (2) A shortened citizen participation comment period of 15 days on a Substantial Amendment to the City's FY 2008-09 Consolidated Annual Action Plan (ConPlan);
  - (3) Approval of a Substantial Amendment to the ConPlan; and
  - (4) The Director of Housing to apply for and accept additional Neighborhood Stabilization Program funds from the State's allocation of \$145 million.

- (b) Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the Multi-Source Housing Fund (Fund 448):
- (1) Establish an appropriation to the Housing Department for the Housing and Economic Recovery Act Program in the amount of \$5,628,283; and
  - (2) Increase the estimate for Earned Revenue by \$5,628,283.

CEQA: Not a Project. (Housing)

**NOTE: TO BE DISTRIBUTED SEPARATELY**

**5.x Approve expansion of the Teacher Homebuyer Program (THP) Expansion.**

**Recommendation:** Adopt a resolution to allow the expansion of the Teacher Homebuyer Program (THP) to include credentialed, non-teaching staff and administrators in San José K-12 public schools. CEQA: Not a Project. (Housing)

**6.x Report on Bids for the Purchase of Traffic Signal Controllers.**

**Recommendation:** Report on bids and award the purchase of 570 fully assembled 2070L traffic signal controllers, add-on modules and related hardware/software training to the lowest responsive bidder, Western Systems Inc. (Everett, WA), for a total amount not to exceed \$1,509,630, including sales taxes, and authorize the Director of Finance to:

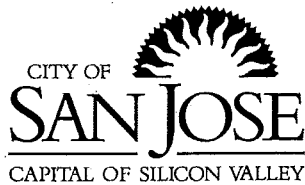
- (a) Execute the purchase order(s) for an initial three year term;
- (b) Purchase additional quantities during the initial three year period on an as-required basis at the same unit pricing subject to the appropriation of funds; and
- (c) Execute purchase orders to acquire additional quantities for two additional one-year terms on an as-required basis at the same unit pricing subject to the appropriation of funds.

CEQA: Not a Project. (Finance)

These items will also be included in the Council Agenda Packet with item numbers.



VILCIA RODRIGUEZ  
Sr. Executive Analyst



## Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT: COOPERATIVE PURCHASE OF  
OFFICE SUPPLIES**

**DATE:** October 27, 2008

Approved

Date

10/29/08

### RECOMMENDATION

Authorize the Director of Finance to execute

1. An annual purchase order for the cooperative purchase of Office Supplies with OfficeMax (Warren, MI) through the cooperative contract offered by Public Sourcing Solutions in an amount not to exceed \$1,050,000.
2. Amend the initial Purchase Order to adjust the not-to-exceed compensation subject to annual appropriation of funding.
3. Execute subsequent annual Purchase Orders through the term of the contract ending May 31, 2011 subject to annual appropriation of funding.

### OUTCOME

To cost-effectively acquire office supplies and increase the purchase of environmentally preferable office supplies.

### BACKGROUND

The City has purchased Office Supplies from OfficeMax for the past 15 years through various State of California cooperative procurement contracts. Starting Fiscal Year 2006-2007, Council approved the purchase of office supplies on a citywide basis with OfficeMax based on the cooperative procurement agreement with OfficeMax offered through Public Sourcing Solutions, a non-profit organization that has a partnership with Oakland County, Michigan, acting as the lead agency for the national cooperative procurement.

During the last decade, OfficeMax has furthered the City's efforts to purchase environmentally preferable products in accordance with the Environmentally Preferable Purchasing Policy (EP<sup>3</sup>) by providing an online ordering technology to guide City employees to such products.

## **ANALYSIS**

During Fiscal Year 2007-2008, Purchasing staff reviewed large City procurements to increase economies of scale and to create procedural efficiencies. As part of this work effort, staff investigated using two other nationwide cooperative purchase contracts due to the competitiveness of the office supply market. These contracts are with:

1. Office Depot offered through U.S. Communities
2. Corporate Express (now Staples) offered through the National Intergovernmental Purchasing Alliance

To compare these two contracts with the current City vendor, staff interviewed representatives from both companies and asked the companies to provide information on their program and its applicability to the City of San José. The City provided both companies with the City's product usage over the last fiscal year and asked the companies to identify savings given the current usage and savings for "greening" the City's contract. Initially, OfficeMax was not directly involved in these discussions.

Based on this benchmarking process, in April 2008, staff recommended awarding the contract to Corporate Express due to estimated cost savings and an extensive green catalogue. When OfficeMax was notified of the decision, OfficeMax requested an opportunity to address the City's requirements for enhanced cost-savings and increased availability of environmentally preferable products.

Therefore, during the summer months, Purchasing staff met with representatives from OfficeMax to discuss whether the cooperative contract offered through Public Sourcing Solutions could provide the City with similar enhanced features to those offered in the aforementioned cooperative procurement contracts. In the course of those discussions staff learned that the Public Sourcing Solutions contract provides for the following:

- Expanded list of office supplies to 1,200 items with the highest discount off catalogue pricing
- Improved pricing for both catalog and non-catalog items resulting in estimated cost savings of 20% or \$200,000 annually
- Expanded "green alternatives" offerings to approximately 17,517 "green" items
- Payment using Procurement Cards
- Improved reporting

In addition, staff learned that the master agreement with Oakland County, MI, allows each participating agency to negotiate pricing. San Jose has negotiated that its pricing terms will include fixed pricing for 12 months for approximately 3,000 high use items. After the initial 12 months, pricing may be adjusted subject to the City's acceptance. In all cases, OfficeMax must submit justification for the increase, such as demonstrating that the manufacturers' list price for items increased. For items not on the price list, pricing will be established by a discount off of list price by item type. The average discount will be 60% off of the manufacturers' list price.

OfficeMax agreed to immediately put into effect the lower pricing structure and the City has enjoyed an estimated 20% cost reduction in office supply purchases since August 1, 2008, and to apply the negotiated discount on all items purchased back to July 1, 2007. The City will receive credit as a payment in the amount of \$214,194 issued after Council approval of this new purchase order. This amount includes 20% off the City's annual spent plus an additional 3% in volume rebates of the projected sales volume for Fiscal Year 2008-2009.

The table below summarizes the information gathered from companies who offer a nationwide cooperative contract in respect to savings given the current usage and for "greening" the City's Office Supply purchases.

|  | <b>Office Depot</b> | <b>Corporate Express</b> | <b>Office Max</b> |
|--|---------------------|--------------------------|-------------------|
| Savings based on current usage and substitution of conventional with environmentally preferable products | 8.8%                | 11.5%                    | 20%               |
| No. of environmentally preferable items in catalog   | 5,000               | 10,430                   | 17,517            |

Based on the table above, staff recommends award of purchase orders for office supplies to OfficeMax in accordance with Section 4.12.225 (B) (3), titled Public Agency Purchases, using the cooperative contract offered through Public Sourcing Solutions. The contract awarded by Oakland County will be effective until May 31, 2011, inclusive of contract renewal options. As discussed above, employees will order office supplies through a tailored online ordering catalogue using a secure Internet connection. The online catalogue will be set up to direct City staff to the lowest cost green certified alternative products, if available, in accordance with the Environmentally Preferable Procurement Policy. Throughout the contract, staff will work with the vendor on a continuing basis to identify office supplies which can provide additional savings and a positive environmental impact.

#### **EVALUATION AND FOLLOW UP**

Staff does not expect any follow-up at this time.

### **POLICY ALTERNATIVES**

*Alternative #1: Issue a separate RFP for the requirement.*

**Pros:** The competition will allow other national office supply vendors to participate in the procurement.

**Cons:** Procurement staff time will be diverted from other high priority projects.

**Reason for not recommending:** Staff does not believe that through a City issued Request for Proposal, the City will be able to receive better pricing and services for this commodity than through this nationally competed cooperative procurement contract.

### **PUBLIC OUTREACH/INTEREST**

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum meets Criterion 1 and will be posted on the City's website for the November 18, 2008 Council Agenda.

### **COORDINATION**

This memorandum was coordinated with the City Manager's Budget Office and the City Attorney's Office.

### **FISCAL POLICY/ALIGNMENT**

This memorandum aligns with the General Budget Principle, "We must focus on protecting our vital cores city services for both the short- and long-term."

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

|                       |             |
|-----------------------|-------------|
| Annual Purchase Order | \$1,050,000 |
|-----------------------|-------------|

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

|                                    |                    |
|------------------------------------|--------------------|
| Annual Purchase of Office Supplies | \$1,050,000        |
| <b>Total</b>                       | <b>\$1,050,000</b> |

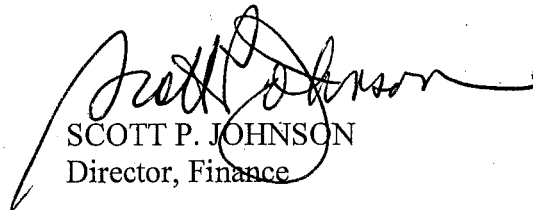
3. SOURCE OF FUNDING: Annual departmental appropriations.

**BUDGET REFERENCES**

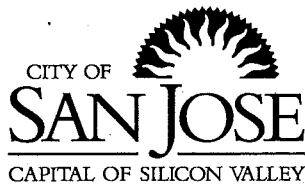
| Fund #  | Appn # | Appn. Name | Total Appn | Amt. for Contract | Adopted Budget Page | Last Budget Action (Date, Ord. No.) |
|---------|--------|------------|------------|-------------------|---------------------|-------------------------------------|
| Various |        |            |            | \$1,050,000       |                     |                                     |

**CEQA**

Not a project.

  
SCOTT P. JOHNSON  
Director, Finance

For questions please contact Walter C. Rossmann, Chief Purchasing Officer, at (408) 535-7051.



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Leslye Krutko

**SUBJECT:** SEE BELOW

**DATE:** October 27, 2008

Approved

Date

10-30-08

**COUNCIL DISTRICT:** Citywide

**SNI AREA:** All

**SUBJECT: EXPANSION OF THE TEACHER HOMEBUYER PROGRAM DOWN  
PAYMENT ASSISTANCE PROGRAM TO INCLUDE CREDENTIALLED  
NON-TEACHING STAFF**

## RECOMMENDATION

It is recommended that the City Council adopt a Resolution to allow the expansion of the Teacher Homebuyer Program (THP) to include credentialed, non-teaching staff and administrators in San José K-12 public schools.

## OUTCOME

Upon approval of this recommendation, the Housing Department will expand the eligibility of the City's THP to income-eligible credentialed employees at local K-12 public schools. This will support affordable homeownership opportunities for additional low- and moderate-households in San José and help ensure that these education professionals continue to provide their valuable services to students and residents of the City.

## BACKGROUND

On June 29, 1999, the City Council approved the creation of the Teacher Homebuyer Program. Significant modifications to the program were adopted by the City Council in April 2000, December 2003, and, most recently, in August 2005. The THP has been a highly successful program, assisting over 650 local teachers with home purchases through the use of a deferred repayment downpayment assistance loan. To date, approximately one out of eleven San Jose teachers has participated in the program. The THP has an annual budget of \$4 million and the total cumulative City investment, since 1999, exceeds \$20 million. On June 19<sup>th</sup>, 2007, the City Council approved the City's Five Year Housing Investment Plan, which called for an expansion of the THP to other K-12 public school staff.



## ANALYSIS

### Current Program

The Teacher Homebuyer Program provides deferred repayment loans to low- and moderate-income full-time public school classroom teachers in San José. Despite an extensive marketing campaign, the number of annual THP participants has steadily fallen from its peak in 2003. The amount of program funds used in FY 2006-07 was \$2.9 million and in FY 2007-08 was \$2.015 million, just over half of the total program budget. Although teacher loan activity has just recently increased due to falling home prices, the program has the ability to serve a greater number of teachers and educators. The program is currently limited to K-12 classroom teachers. This excludes other highly valuable administrators and support staff such as nurses, librarians, speech therapists, and guidance counselors at San José public schools.

### Schools/City Collaborative

In an effort to align our efforts with the Schools/City Collaborative – Teacher Recruitment/Retention Subcommittee, City staff attended the internal school district wide meeting on October 1, 2008 attended by Human Resource Directors from all 19 school districts. Several Human Resource Directors provided data and analysis to assist in the development of this recommendation.

### Legal Findings for use of 20% Housing Funds

Much of the City's funding for the THP is from the 20% Low- and Moderate-Income Housing Fund. The use of these funds, as well as other Agency Funds, outside of Agency redevelopment project areas, requires that certain findings be made: (1) The funds must be used to create low- and moderate-income housing units; (2) The use of the funds must be beneficial to redevelopment project areas; and (3) In order to use 20% Low- and Moderate-Income Housing Funds for a targeted group of employees, it is necessary to find that the specific group constitutes a unique class of employees whose distinct characteristics include the fact that they earn commensurately less (given their education) than other similarly-educated workers employed elsewhere in San José.

### Staff Salaries and Job Qualifications

In 2008, the average starting salary of an incoming classroom teacher in San José was \$48,380, far less than Santa Clara County's lower-income limit of \$59,400 for a household of one person. The salaries of many non-teaching credentialed staff are not commensurate with other private sector employees with similar levels of higher education. For instance, many credentialed staff at local K-12 schools are required to obtain a Bachelors' or Masters' degree and a State Pupil Personnel Services credential, in addition to a minimum level of on-site and/or hands-on instruction. The starting salaries for credentialed school counselors, nurses, and speech pathologists are fairly close to teachers' salaries, and range from approximately \$46,000 to \$62,000 for these professions. By comparison, according to the Bureau of Labor Statistics, in 2007 the average salary for a registered nurse in California was \$78,550 and the average salary for a speech pathologist was \$74,720.

October 27, 2008

**Subject: Teacher Homebuyer Program (THP) Expansion**

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The minimum prerequisites for credentialed administrators is even higher. Many local school districts require school administrators to have at least a Masters' degree and an Administrative Services Credential issued by the California Commission on Credentialing. In addition, some school districts require that administrators such as principals and vice-principals have a minimum of three to five years experience as a classroom teacher. Despite a higher starting salary range from \$75,000-\$103,000 for credentialed administrators, some critical onsite management positions in the public school system have been difficult to fill.

Salary ranges for non-credentialed staff are typically lower than for credentialed staff. For instance, the average starting salary for a mid-level clerical employee is approximately \$33,724. Average annual salaries for bus drivers and teachers aides are also \$35,497 and \$27,581 respectively. The level of compensation associated with these positions is lower, in part, due to the less rigid educational requirements for the positions. Most require only a high school education or higher.

Given the requirement to make findings supportive of the eligible use of funds for unique classes of employees, Housing Department Staff is not able to make those findings for non-credentialed support staff due to the minimum levels of formal education required for the positions. Therefore, an expansion of the program can only include credentialed staff at this time.

#### Alignment with State Policy

Expansion of the THP to include all full-time credentialed classroom teachers, administrators, and credentialed support staff is consistent with other policy initiatives at the State and local level. First, the City's effort to expand housing opportunities for teachers and support staff is consistent with the goals of the California Extra Credit Teacher Program (ECTP). Administered by the California Housing Finance Agency, the ECTP offers up to \$15,000 in deferred repayment loans to teachers and other credentialed faculty and administrators in the State's bottom half of low-performing schools - those with an Academic Performance Index (API) rating of 1-5 out of 1-10. Counselors, nurses, and other credentialed administrators are eligible to participate in the ECTP, provided they have obtained an approved credential from the California Commission on Credentialing. The State's list of acceptable non-teaching credentialed staff is listed in the Appendix, and the City's program would be broadened to include the same list of eligible credentials adopted by the State.

Second, the expansion of the THP to include all full-time credentialed classroom teachers and credentialed support staff that provide direct and specialized services for students is aligned with the recent expansion of the SJSU Faculty and Staff Homebuyer Program (FSHP) to all full-time staff at SJSU. This action was approved by the City Council on June 9, 2006.

Lastly, the credentialed support staff working in our schools are highly-educated, talented, and committed. They contribute greatly to the overall educational experience of San José public students. As such, they should be eligible to enjoy the same benefits as classroom teachers. Providing homeownership opportunities to these individuals will help retain these vital services in our community. For these reasons, staff recommends that the THP eligibility be broadened to include all full-time credentialed support staff at K-12 public schools in San José.

## **EVALUATION AND FOLLOW-UP**

Upon approval of this recommendation by the City Council, Housing Department staff will immediately expand the THP to other eligible credentialed staff and post quarterly status reports on the THP and other homebuyer programs on the Department's website.

## **POLICY ALTERNATIVES**

To arrive at this proposal, Staff considered the following option(s):

***Alternative #1: Do not expand the THP to credentialed K-12 public school staff***

**Pros:** Only K-12 public school classroom teachers would remain eligible for the program. When demand for THP funds from classroom teachers does not equal the annual budget, unused funds are re-budgeted to other projects and programs serving lower-income households.

**Cons:** School districts in San Jose find it difficult to recruit and retain credentialed support staff, who are highly trained and provide specialized and technical services to public school students. Without the proposed changes, this group of educators would not be eligible to enjoy the same benefits currently offered to only classroom teachers.

**Reason for not recommending:** School nurses, administrators, psychologists, counselors, speech pathologists, and other highly trained staff provide essential supportive services to San José's public school students. Expanding the THP to other credentialed staff will improve the ability of San José public school districts to recruit and retain this unique group of employees and enhance homeownership opportunities for additional low- and moderate-income families in San José.

## **PUBLIC OUTREACH/INTEREST**

This item does not meet any of the criteria below; however, this item will be posted on the internet via the City Council's website for the November 18<sup>th</sup> 2008 meeting.

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

## **COORDINATION**

The preparation of this report has been coordinated with the Office of the City Attorney and the Office of the City Manager.

## **FISCAL/POLICY ALIGNMENT**

This recommendation is aligned with the most recent Council-adopted "Five-Year Housing Investment Plan for FY 2007/2008 through FY 2011/2012," which sets forth a goal of expanding the THP to other educational professionals, including non-classroom teachers, support staff, bus drivers, and other public education employees.

## **COST SUMMARY/IMPLICATIONS**

### **1. AMOUNT OF RECOMMENDATION:**

The proposed action will have no impact on the budget.

### **2. COST ELEMENTS:**            There are no additional costs associated with this action.

### **3. SOURCE OF FUNDING:**

No additional funds are required as a result of this action. The THP is funded by both the Federal HOME Investment Partnership Program (Fund 445), and the City's Low- and Moderate-Income Housing Fund (Fund 443).

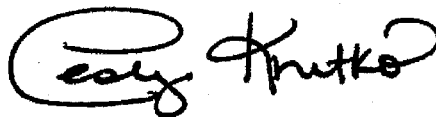
### **4. FISCAL IMPACT:**            No ongoing fiscal impact.

## **BUDGET REFERENCE**

There is no budgetary impact resulting from this action.

## **CEQA**

Not a project.



Leslye Krutko  
Director of Housing

For Questions Contact: Leslye Krutko, Director of Housing at (408) 535-3851.



## **Appendix**

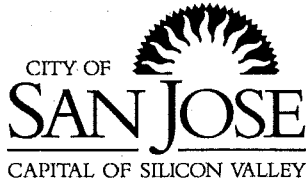
### **List of Qualified Credentials for Non-Teaching Staff**

**For Staff Members:**

- School Nurse Credential
- Clinical or Rehabilitation Service Credential
- Pupil Personnel Services Credential - (e.g. School Counseling, School Social Work, School Psychology and Child Welfare and Attendance)
- Library Media Teacher Service Credential
- Designated Subjects Vocational Education Teaching Credential

**For Administrators:**

- Administrative Services Credential
- General Secondary School Administration Credential
- Administrative Services Credential (Examination)
- General Secondary School Supervision Credential
- Standard Supervision Credential
- General Administration Credential
- Standard Administration Credential
- General Supervision Credential
- General Elementary School Administration Credential
- The Supervision Credential
- General Elementary School Supervision Credential
- General School Principal or Supervisor Credential



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT:** SEE BELOW

**DATE:** October 28, 2008

Approved

Date

10/29/08

**COUNCIL DISTRICT:** Citywide

**SUBJECT: REPORT ON BIDS FOR 2070L TRAFFIC SIGNAL CONTROLLERS**

## **RECOMMENDATION**

Report on bids and award the purchase of 570 fully assembled 2070L traffic signal controllers, add-on modules and related hardware/software training to the lowest responsive bidder, Western Systems Inc. (Everett, WA), for a total amount not to exceed \$1,509,630, including sales taxes, and authorize the Director of Finance to:

1. Execute the purchase order(s) for an initial three year term,
2. Purchase additional quantities during the initial three year period on an as-required basis at the same unit pricing subject to the appropriation of funds; and
3. Execute purchase orders to acquire additional quantities for two additional one-year terms on an as-required basis at the same unit pricing subject to the appropriation of funds.

## **OUTCOME**

To provide hardware for the rehabilitation of the aging traffic signal equipment and full citywide build-out of a state-of-the-art signal timing and traffic management system.

## **BACKGROUND**

In the February 15, 2008 Special Meeting on Priority Setting (see City Council Study Session Agenda, Supporting Documents, pages 24-26), the "General Fund Unmet/Deferred Infrastructure and Maintenance Needs Information" memorandum dated February 5, 2008, reported to Council that there is currently a backlog of \$14.2 million in one-time infrastructure improvements for



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**Subject:** Purchase of Traffic Signal Controllers

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traffic signal system rehabilitation/maintenance. Of this amount, \$7.4 million is due to aging traffic signal controllers.

On August 12, 2008, City Council approved the acceptance of \$15 million from Traffic Light Synchronization Project (TLSP) grant funds. These grant funds will be used to implement the City's Traffic Signal Communication and Synchronization project, which includes upgrading existing traffic signal controllers and technology to a state-of-the-art traffic management system to optimize traffic flow. The TLSP grant project will replace the aging controllers, which reduces the backlog of infrastructure improvements to \$6.8 million.

### ANALYSIS

On August 4, 2008, a Request for Bids (RFB) was released and advertised using the City's e-procurement system. A total of five bids were received and publicly opened on August 18, 2008 from the following bidders:

- Western Systems, Inc. (Everett, WA)
- Western Pacific Signal, LLC (San Leandro, CA)
- McCain, Inc. (Vista, CA)
- Econolite Control Products, Inc. (Anaheim, CA)
- Jam Services, Inc. (Livermore, CA)

Econolite Control Products, Inc. and Jam Services, Inc. bids were deemed non-responsive because they failed to submit pricing using the correct pricing form.

Responsive bids were received from Western Systems, Inc., Western Pacific Signal, LLC and McCain, Inc. and are summarized in the following table:

|                                   |     | Western Systems    | McCain             | Western Pacific Signal |
|-----------------------------------|-----|--------------------|--------------------|------------------------|
|                                   | QTY | Extended Price     | Extended Price     | Extended Price         |
| <b>Controller:</b>                |     |                    |                    |                        |
| 2070L Controller w/ 5 yr Warranty | 570 | \$1,263,491        | \$1,351,470        | \$1,618,800            |
| <b>Spares:</b>                    |     |                    |                    |                        |
| 2070-1B Single Board Processor    | 30  | \$22,001           | \$15,570           | \$22,050               |
| 2070-3B 8x40 Front Panel Display  | 30  | \$12,584           | \$7,620            | \$6,300                |
| 2070-4A 10.0 Amp Power Supply     | 30  | \$12,066           | \$11,070           | \$13,500               |
| 2070-7A Asynchronous Comm Module  | 30  | \$5,651            | \$4,110            | \$4,200                |
| 2070-8 NEMA Interface Module      | 30  | \$36,368           | \$19,950           | \$15,600               |
| <b>Training:</b>                  |     |                    |                    |                        |
| Hardware training                 | 32  | \$6,400            | \$2,400            | \$800                  |
| Software training                 | 24  | \$4,800            | \$1,800            | \$600                  |
| <b>Optional:</b>                  |     |                    |                    |                        |
| 2070-2A C11S Field I/O            | 35  | \$18,589           | \$14,070           | \$9,275                |
| 2070-6A module                    | 30  | \$13,484           | \$16,590           | \$8,250                |
| <b>Early Payment Discount</b>     |     | \$0                | \$0                | -\$84,969              |
| <b>Base Bid</b>                   |     | <b>\$1,395,431</b> | <b>\$1,444,650</b> | <b>\$1,614,406</b>     |
| Sales Tax (less training)         |     | \$114,199          | \$118,837          | \$133,073              |
| <b>Total Base Bid</b>             |     | <b>\$1,509,630</b> | <b>\$1,563,487</b> | <b>\$1,747,479</b>     |



None of the bidders requested consideration for the City's Local and Small Business preference. Therefore, the preference was not a factor in the award.

There were no protests received from any of the bidders after the award recommendation was made.

The pricing is firmed fixed for the five year period. In the event prices decrease, Western Systems has agreed to promptly pass on price decreases to the City by means of Most Favored Customer Pricing which guarantees lowest pricing to City of that given to other similar situated customers.

Therefore, staff recommends award to Western Systems, Inc. as the lowest responsive bidder in accordance with the formal bidding procedures of the San José Municipal Code, Section 4.12.310.B.

Through the purchase of this equipment, the City will improve overall traffic signal communication and synchronization for travel safety and efficiency by optimizing traffic flow (reduced congestion, transit travel and wait time). This will also improve commutes and air quality through reduced emissions. Specifically, this purchase addresses the portion of the City's Traffic Signal Communication and Synchronization project that is replacing 785 aging traffic signal controllers.

### **EVALUATION AND FOLLOW-UP**

This memorandum will not require any further follow-up from staff.

### **POLICY ALTERNATIVES**

Not applicable.

### **PUBLIC OUTREACH/INTEREST**



**Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**



**Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**



**Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**





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**Subject:** Purchase of Traffic Signal Controllers

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This item meets Criterion 1. The memorandum will be posted on the City's website for the November 4, 2008 Council agenda. To provide outreach to potential vendors, the RFB was advertised through the City's e-procurement system.

### **COORDINATION**

This memorandum has been coordinated with the Department of Transportation, Information Technology Department, City Manager's Budget Office, and the City Attorney's Office.

### **FISCAL/POLICY ALIGNMENT**

This action is consistent with the following General Budget Principles "We must focus on protecting our vital core city services for both the short- and long-term" and "We must continue to streamline, innovate, and simplify our operations so that we can deliver services at a higher quality level, with better flexibility, at a lower cost" and the Strategic Initiative "Make San Jose a Tech-Savvy City; lead the way in using technology to improve daily life."

Authorization of the Director of Finance to execute the purchase order for 2070L traffic signal controllers will support the City's initiative to "build a better transportation system" and support the Council-approved Budget Principle to leverage State and Local grant funds to implement regional transportation projects. It also complies with the Mayor's June 2008 budget message that calls for capital investment to "address reliability issues and allow the City to utilize the latest signal timing, coordination, and communications technology that are available for optimizing traffic flow. This will improve commutes, improving our air quality, and making our neighborhoods safer."

### **COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:  
Total Project Cost (3-Year Pricing) **\$1,509,630**
  
2. COST ELEMENTS OF AGREEMENT/CONTRACT:

| <b>Description</b>                           | <b>Cost</b>        |
|--|--------------------|
| Hardware                                     | \$1,384,231        |
| Hardware/Software Training                   | \$11,200           |
| Estimated Sales Tax                          | <u>\$114,199</u>   |
| <b>Total (Not to Exceed Contract Amount)</b> | <b>\$1,509,630</b> |
  
3. SOURCE OF FUNDING: Fund 429 -Building and Structure Construction Tax Fund



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4. FISCAL IMPACT:

|                 |                           |
|-----------------|---------------------------|
| FY 08/09        | \$265,000                 |
| FY 09/10        | \$795,000                 |
| <u>FY 10/11</u> | <u>\$449,630</u>          |
|                 | <b><u>\$1,509,630</u></b> |

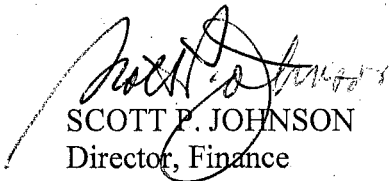
**BUDGET REFERENCE**

The table below identifies the fund and appropriation proposed to fund the agreement recommended as part of this memo.

| Fund # | Appn # | Appn. Name                                      | Total Appn  | Amt. of Agreement | 2008-2009 Adopted Capital Budget Page | Last Budget Action (Date, Ord. No.) |
|--------|--------|---|-------------|-------------------|---------------------------------------|-------------------------------------|
| 429    | 6624   | Traffic Signal Communications & Synchronization | \$7,574,000 | \$1,509,630       | N/A                                   | 8/12/08 Ord No. 28365               |
| Total  |        |   | \$7,574,000 | \$1,509,630       |                                       |                                     |

**CEQA**

Not a project.

  
SCOTT P. JOHNSON  
Director, Finance

For questions please contact Walter C. Rossmann, Chief Purchasing Officer at (408) 535-7051.

